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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 31, 2014

Certified Return Receipt
7011 2970 0001 8829 0131

W. Wesley Emerson
Azomite Mineral Products Inc.
7406 Northeast 84th Terrace
Kansas City, Missouri 64157

Jim Phillips
P.O. Box 21
Nephi, Utah 84648

Subject: Division Directive to Increase Reclamation Surety and Commence Additional Permitting, Azomite Mineral Products Inc., Trace Mine 1- Aumco Claim, S/039/0001 and M/039/0029, Sanpete County, Utah

Dear Messrs. Emerson and Phillips:

During a recent inspection of the Trace Mine 1 – Aumco Claim, the Division of Oil, Gas and Mining determined that the area disturbed for this mine is larger than the area identified in the Notice of Intention to Commence Small Mining Operations (SMO). Subsequent communication with Jim Phillips indicated he was unaware that the Notice of Intention to Commence Large Mining Operations (LMO) was not approved. Additional reclamation surety and permitting actions are necessary for the mine to be compliant with State permitting requirements.

You are directed to take the following actions by September 1, 2014:

1. Provide additional reclamation surety consistent with the current and planned disturbance, **AND EITHER**
2. Amend the existing SMO (S/039/0001) to reflect both existing and planned disturbances up to 10 acres, **OR**
3. Submit a complete response to the Division's December 27, 2010, comments concerning the LMO.

The following table identifies acceptable reclamation surety amounts by the acre for small mines (assuming re-evaluation every three years). Similar methods for determining bonds for relatively small large mines without facilities requiring demolition may also be acceptable.



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Jim Phillips
M/039/0029
July 31, 2014

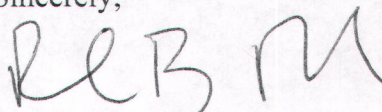
but would be re-evaluated every five years. If you re-commence the large mine permitting process, the required reclamation surety can also be determined using site-specific reclamation cost calculations on the Division's forms found at:

http://linux1.ogm.utah.gov/WebStuff/wwwroot/minerals/bonding_worksheets.html.

Disturbance (acres)	3-yr Reclamation Surety Costs (thru 2017)
1	\$8,000
2	\$13,000
3	\$18,000
4	\$23,000
5	\$28,000
6	\$36,500
7	\$41,600
8	\$46,700
9	\$51,800
10	\$56,900
¹ Measured disturbance is rounded up to the next full acre.	
² The reclamation cost for the First Acre includes mobilization and demobilization. Third-party and indirect costs are also included.	
³ Sixth acre includes additional mob/demob.	

Please contact Peter Brinton at 801-538-5258 or me at 801-538-5261 if you have questions concerning this letter. Thank you for your cooperation in completing this permitting action.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB:pnb:eb

cc: Jim Phillips, Azomite (jim@azomite.com)

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